



**STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS**

Gray Davis
Governor

William Kenefick
Acting Commissioner of Corporations

DATE: April 5, 2000

RELEASE No. 108-C (Revised)

**ELIGIBLE SECURITIES EXEMPTION UNDER CORPORATIONS CODE
SECTION 25101 AND CHANGES TO
CORPORATIONS CODE SECTION 25101.1**

This release supersedes the previous version of Release No. 108-C, dated September 10, 1997.

On January 1, 1998, Assembly Bill 721 (Chapter 391, Statutes 1997) became effective. This legislation was sponsored by the Department of Corporations to conform provisions of the Corporate Securities Law of 1968 (the "CSL") to the federal National Securities Markets Improvement Act of 1996. Among other things, Assembly Bill 721 repealed the then existing exemption from qualification under Corporations Code Section 25130 afforded by Corporations Code Section 25101(b) for specified securities and added new Corporations Code Section 25101.1, which originally provided that certain securities are not subject to the qualification requirements of Corporations Code Sections 25110, 25120 and 25130 upon the filing of a notice and consent to service of process with the Commissioner and, when requested, the filing of reports filed with the Securities and Exchange Commission. As a consequence of these amendments to the CSL, the Eligible Securities List was discontinued on January 1, 1998.

Effective January 1, 1999, Senate Bill 1200 (Chapter 48, Statutes 1998) amended Section 25101.1(a) to delete the notice filing requirement and the consent to service of process requirement added by Assembly Bill 721. Accordingly, as of January 1, 1999, persons wishing to rely on Section 25101.1(a) are no longer required to file any documents with the Department of Corporations with respect to this exclusion.

Additionally, there has been some question as to whether the exclusion provided under Corporations Code Section 25101.1 can be relied upon if the issuer is required to file reports with the Securities and Exchange Commission ("SEC") pursuant to Section 13 or 15 (d) (but is not required to file reports with the SEC under Section 12) of the Securities Exchange Act of 1934. Because this question involves an interpretation of the Securities and Exchange Act of 1934, issuers should contact the SEC with respect to this federal question.

WILLIAM KENEFICK
Acting Commissioner of Corporations